



COMMONWEALTH OF KENTUCKY

OFFICE OF THE STATE TREASURER

TODD HOLLENBACH

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Dear Mr. Belsky, Ms. Sussman, and Mr. Montrone:

The Kentucky State Treasurer is the chief elected fiscal officer of the Commonwealth of Kentucky. As such, I urge you as a principal of the bond rating agencies you lead, to transition your bond rating systems to a unified global scale. The change to a global unified scale is a necessary step toward an efficient and equitable municipal and corporate bond market.

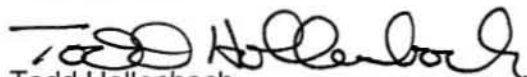
For years, municipalities have been held to a higher financial standard than corporate entities. This differential treatment undermines the functioning of an efficient and transparent capital market, a goal shared not just by investors and issuers, but rating agencies as well. For investors, the current system inflates the risk (and opportunity cost) of investing in municipal bonds relative to alternative investments. The inequality of ratings often leads investors to make investment decisions that are based on inaccurate information. For Kentuckians, the dual standard could cost Commonwealth taxpayers millions of dollars in increased interest costs and bond insurance premiums. The system requires change without delay.

California State Treasurer Bill Lockyer's March 4, 2008 letter to you conveys a comprehensive list of facts and reasons to change the current rating system. I join their call and urge you to convey the specifics to your boards and management staff, and continue to move your companies forward along the path towards a unified global rating system.



I am hopeful you share our desire to strengthen the municipal bond market that provides the funding for the public works necessary to secure America's future. I look forward to reviewing your progress to develop an enhanced bond rating system that promotes market equity and better serves investors and taxpayers.

Respectfully,

A handwritten signature in black ink, appearing to read "Todd Hollenbach". The signature is fluid and cursive, with the first name "Todd" being more prominent and the last name "Hollenbach" following in a similar style.

Todd Hollenbach
Treasurer